

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

In the Matter of:

Licensees

Cause No: D 01-63; D 01-64; D 01-65

STIPULATION AND ORDER

Pursuant to RCW 34.05.060 and WAC 10.08.230(2)(b), the parties hereby stipulate to the entry of the following Stipulation and Order in resolution of this matter as follows:

STIPULATED FACTS AND LAW

1. Licensees, Neil T. Adkins, C. J. Cannon, and Senior Estate Planning Group (SEPG) hold insurance licenses issued by the Washington Insurance Commissioner. SEPG was incorporated on January 31, 1991. Neil Adkins is the President of SEPG. Neil T. Adkins, C. J. Cannon, and SEPG are hereafter referred to collectively as the "Licensees."

2. OIC entered an Order Revoking Insurance License of each Licensee pursuant to RCW 48.17.530 effective June 27, 2001. In accordance with RCW 48.04.040, Licensees timely objected to OIC's order and contested its allegations. As a result, pursuant to RCW 48.04.020, Licensee's insurance licenses were not revoked.

3. Beginning in the mid-1990s, the Licensees convinced senior consumers to surrender established

annuities and purchase either other annuities or unsecured SEPG corporate bonds. As a result of these transactions, some consumers incurred substantial penalties including a "Market Value Adjustment." Some consumers holding SEPG bonds have been paid principal and/or interest due on such bonds and some have not.

4. In the course of these transactions with senior consumers, Licensees at times failed to fully disclose all applicable surrender fees and penalties. Licensees at times did not fully disclose the dollar amounts of surrender charges. Licensees at times failed to disclose other penalties for early withdrawal of funds, including, but not limited to Market Value Adjustments. In some instances, replacement forms were not completely filled out at the time of the sale of the new policy. In some instances, Licensees offered to offset the surrender charges incurred by consumers by increasing the amount of the SEPG corporate bond's initial value by the amount of the surrender charges. In other cases, the Licensees promised to initiate correspondence with the insurer to abate or redeem the surrender fees.

5. An investigator employed by the commissioner sent several letters to the licensees between August and November 2000. The Licensees failed to promptly reply to these inquiry letters.

6. The conduct above violated RCW 48.30.180, entitled "Twisting," RCW 48.30.090, entitled "Misrepresentation of policies," WAC 284-23-440, entitled "Duties of agents and brokers," RCW 48.30.140, entitled "Rebating," and RCW 48.17.475, entitled "Licensee to reply promptly to inquiry by commissioner".

STIPULATION AND CONSENT TO ORDER

Licensees hereby stipulate to entry of the preceding Stipulated Fact and Law and to the following Order. Licensees enter into this stipulation voluntarily and in lieu of OIC's request for suspension or revocation of Licensee's licenses for the conduct set forth above and of any further proceedings in Docket Numbers D 01-63, D 01-64, and D 01-65. Licensees acknowledge that if the Order or the Trust Agreement, incorporated herein as Exhibit A, is not fully complied with, the Insurance Commissioner may revoke the license of Neil Adkins, C. J. Cannon and/or SEPG pursuant to RCW 48.17.540(3).

Signed this _____ day of February 2002.

Neil Adkins

Office of the Insurance Commissioner

By:

C. John Cannon

H. Lee Roussel, WSBA #27134
Assistant Attorney General

Senior Estate Planning Group, Inc.

Melanie C. deLeon, WSBA #30100
Assistant Attorney General

By: _____
Neil Adkins, President

1125 Washington Street SE
PO Box 40100
Olympia, WA 98504-0100

Jay Rodne, WSBA #27719
Attorney at Law
Meadow Creek Professional Center
22525 SE 64th Place, Suite 26
Issaquah, WA 98027
(425) 557-5975

(360) 664-0083

Counsel for Licensees

Counsel for Office of the Insurance
Commissioner

ORDER

IT IS ORDERED that pursuant to RCW 48.17.530, and the foregoing Findings of Fact and Conclusions of Law and Stipulation and Consent to Order that:

1. Trust Account. Licensees will fully comply with the Trust Agreement attached hereto and incorporated herein as Exhibit A. Pursuant to Exhibit A: (1) By December 15, 2001, Licensees shall provide an initial payment into the trust in the amount of \$10,000 (ten thousand dollars); (2) By January 15, 2002, Licensees shall make another contribution to the trust in the amount of \$15,000 (fifteen thousand dollars). Thereafter, Licensees will contribute to the trust 20 percent (20%) of gross commissions received from the sale of insurance and 20 percent (20%) of taxable income from all other sources, as set forth in Exhibit A.
2. Restitution. Former customers who incurred surrender penalties or taxes due to the surrender of annuities, customers or former customers of the Licensees who surrendered insurance policies to purchase bonds, and other purchasers of bonds shall receive reimbursement for any surrender penalties, taxes or unpaid corporate bonds and interest as set forth in the Trust Agreement at Exhibit A.
3. Future Actions. Licensees shall not engage in the insurance practices alleged in the Order of Revocation. In accordance with the Trust Agreement at Exhibit A, the Trustee, as set forth in Exhibit A, has the authority to require review of sales of replacement policies proposed by Licensees before submission of such applications to the replacement insurer. The Licensees will not engage in the sale of bonds, stocks, or other business investment interests to insurance clients without prior notice to, and approval by, the Trustee.
4. Audits. In accordance with the Trust Agreement attached as Exhibit A, the Trustee has the authority to audit the Licensee's books and business records at such times and to such extent as the Trustee chooses. These audits are in addition to OIC's statutory authority to examine, audit and investigate activities by insurance agents involving the business of insurance. The Trustee has the authority to enforce the Trust Agreement.
5. Records and Documents. The Licensees shall submit to the Trustee such reports and documents as the Trustee may request. This is in addition to OIC's statutory authority to examine, audit and investigate activities by insurance agents involving the business of insurance.
6. Freedom from liens. Licensees warrant that they are not subject to liens, except for those liens set forth in Exhibit B, or other impediments that would prevent their making the payments provided for in the Trust and Monitoring Agreement. The Licensees agree that in the event they take any actions, such as voluntary bankruptcy, that would prevent their making payments to the trust as set forth in Exhibit A, their licenses shall be immediately revoked.
7. New business entities. In accordance with Exhibit A, all obligations of the Licensees stated in the Trust Agreement shall apply to any new or successor business entities which Adkins, Cannon or SEPG establish, own or control.
8. Other Claims. Licensees will not pursue any claims against OIC or its investigators, including but not limited to Mr. Talarico, with regard to OIC's investigations of or proceedings against the Licensees through the date of this Consent Order. This Consent Order is in effect until all restitution set forth in paragraph 2, above, is paid in accordance with the Trust Agreement at Exhibit A.
9. This Consent Order applies only to the Office of the Insurance Commissioner and not any other state regulatory agency. The Office of the Insurance Commissioner's Presiding Officer has continuing authority to enforce this Stipulation and Consent Order and the Trust Agreement as set forth in Exhibit A and to resolve disputes arising therefrom.

It is so ordered this _____ day of February, 2002.

By: _____
Scott Jarvis
Deputy Insurance Commissioner

ORDER TERMINATING PROCEEDINGS

This matter having come before Presiding Officer Patricia Petersen on the Stipulation of the parties, it is hereby ordered that pursuant to RCW 48.17.530 and 48.17.560, and the foregoing Stipulation and Order that:

OIC Docket Numbers D 2001-63, D 2001-64, and D 2001-65 are hereby closed and dismissed as settled pursuant to the foregoing Stipulation of the parties.

SIGNED AND ENTERED THIS _____ day of February, 2002

By: _____
Patricia Petersen
Presiding Officer
Office of the Insurance Commissioner